

2011-12 STATE BUDGET UPDATE

The Book of Who states that “the term Grinchy shall apply when Christmas spirit is in short supply”.

It was a “grinchy” day for Californians with disabilities and school kids who are among those that will see even more cuts to funding for their services and supports. As today, not unexpectedly, the Department of Finance (DOF) officially announced that state income (revenues) is not what was hoped for when the 2011-12 State Budget was passed in June 2011 and because of that, a pre-panned “trigger” was being pulled and there would be \$1 billion reductions in budgets that pay for services and supports to individuals with disabilities, school kids and others. This trigger was part of the budget passed back in June just in case income did not appear as hoped and while some additional money did come in, it was not enough to cover the \$4 billion hole left when the budget was passed.

The attached chart from DOF explains where the nearly \$1 billion in cuts will be made on January 1, 2012 (with the exemption of those marked to happen on February 1, 2012). As reflected, two items will directly impact individuals with disabilities and seniors, those being the \$100 million reduction in the developmental services system, and \$101 million in in-home supportive services (IHSS).

In announcing these reductions during a press conference, the Governor stated that “we must live within our means”, thus the need to make the cuts. He also noted that if Californians do not vote for additional revenues (taxes) in November 2012, there will be more cuts. He noted that the cuts are less than half of what they could have been and that after these cuts, there will be no more in 2011-12 (ends June 30, 2012); however went on to say that there will be additional budget reductions presented as part of his 2012-13 Governor’s Budget (usually issued around January 10th of each year). The Governor noted that “California has to exercise fiscal discipline” and clarified that while these cuts were for current year, they will be double the amount in the new fiscal year as they will be for 12 months as opposed to just 6.

The spokesperson for DOF noted that with regard to the \$100 million reduction for developmental services, these will be managed within existing authority to manage the budget by the Department of Developmental Services (DDS) and that savings may come from developmental centers, reduced caseloads, extending the current payment discounts, and savings from insurance coverage for autism services. The person went on to say that “some additional legislation may be necessary to absorb these cuts in 2012-13”.

After the announcement, the Council was contacted by Terri Delgadillo and Mark Hutchinson from DDS to provide similar and additional information regarding the cuts to the developmental services budget. Terri reiterated that DDS expects to manage the reduction within its existing authority and will be looking a savings from caseload changes, unexpended contracts, and additional income, among other things. When asked about the impact of these cut upon federal funds potentially matched with these state funds, Terri indicated that there is no way of knowing what the impact might be.

With respect to 2012-13, DDS reiterated that the reduction will be \$200 million for a full year and in part they hope to realize a savings of approximately \$69 million from the insurance coverage for some autism services (effective January 1, 2012, but insurance companies indicate it will be July 1, 2012 for implementation) and noted that extension of the 4.25% payment reduction to regional centers and providers (scheduled to sunset in June 2011) would generate a savings of \$109 million. Terri noted that the payment reductions have resulted in negative impacts upon some providers, thus may not be a direction to take for the next year. DDS confirmed that it will implement a stakeholder process to assist in the identification of proposals for addressing the \$200 million reduction in 2012-13 in hopes of mitigating the impact. The Council is very appreciative of DDS' briefing and looks forward to fully participating in the stakeholder process.

So while the "spirit" was in short supply today, don't be a Grinch; put that energy to good use in helping your legislative representatives, community, families and friends to understand what these cuts mean in your life and get a plan together to work with others to take action so that the "spirit" can rise and flourish again.

Appropriation Citation (Budget Act Item except where noted)	Description	Amount Reduced/Adjusted
0690-102-0001	Reduce Vertical Prosecution Grants	\$14,558,000
4260-101-0001	Medi-Cal—Extend Provider Cuts and Copayments to all Managed Care Plans	\$8,642,000
4300-101-0001	Reduction to the Department of Developmental Services	\$100,000,000
5180-111-0001	In Home Supportive Services—20 Percent Reduction in Service Hours, Eliminate Funding for Local Anti-fraud Efforts	\$101,481,000
5225-001-0001	Department of Corrections and Rehabilitation—Unallocated Reduction	\$20,000,000
6110-111-0001	Home to School Transportation	\$248,000,000
6110-194-0001	Child Care—Non Proposition 98—4 Percent Across-The-Board Reduction	\$17,084,000
6110-196-0001	Child Care—Proposition 98—4 Percent Across-The-Board Reduction	\$5,900,000
Education Code Sec. 42238	Proposition 98—Reduce Apportionments (effective February 1, 2012)	\$79,600,000
6120-150-0001, 6120-160-0001, 6120-211-0001, 6120-213-0001	Eliminate State Grants to Local Libraries	\$15,866,000
6440-001-0001	University of California—Unallocated Reduction	\$100,000,000
6610-001-0001	California State University—Unallocated Reduction	\$100,000,000
6870-101-0001	Community Colleges—Reduce Apportionments, \$10 Per Unit Fee Increase	\$102,000,000
Revenues pursuant to Ch. 36, Stats. of 2011	Juvenile Justice—Increase County Charge for Youthful Offenders Sent to Department of Corrections and Rehabilitation	\$67,700,000
Total		\$980,831,000